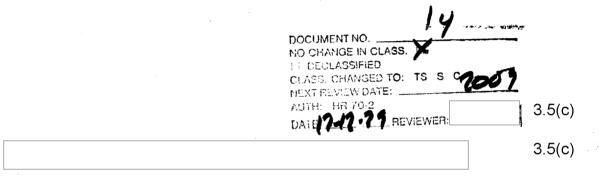


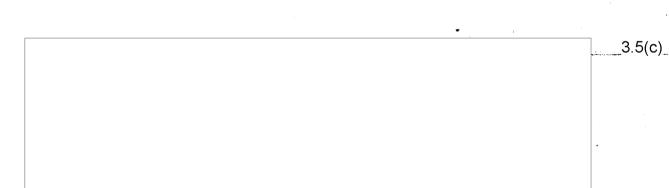
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2. Panikkar makes	representations on behalf of US na	itionals in China:
		3 3(h)(2)
	Indian Ambassador Panik	Kar on 2 October
	made representations on	behalf of US
	nationals in Communist C	hina to Chen Chia-

TOP SECRET

kang, Director of the Asian Section of Peiping's Foreign Office. Chen in turn alleged that thousands of overseas Chinese were being detained in foreign countries, especially in Southeast Asia, but finally promised to investigate the cases on the Ambassador's list. The Indian Foreign Office, relaying the above conversation to the US Embassy in New Delhi, noted that Panikkar was the only mission chief in Peiping who had personally made representations for US nationals.

Comment: Chen Chia-kang is one of several Chinese Communist figures, assigned during and after World War II to liaison duties with American and other Western personnel, who acquired a reputation for being amiably disposed toward the US. There is no evidence, however, that he, a second-level functionary, is genuinely pro-Western. It is therefore doubtful that he either would or could do anything to improve the status of US nationals in Communist China.

3. US Legation sees long French struggle against Viet Minh:

3.3(h)(2)

The US Charge in Saigon notes that most French officers and foreign attaches in Indochina do not agree with General de Lattre's recent estimate that he might be able to defeat the Viet Minh within two years. He

quotes the British Army Attache as estimating that a Viet Minh defeat is not possible in the foreseeable future. The US Charge further asserts that a deterioration of Viet Minh morale cannot be assumed and that, in any case, there is no present indication that their military strength is declining.

Comment: During the past ten months Viet Minh military strength in relation to that of the French has decreased. There are clear indications of deteriorating morale among the civilian population in Viet Minh areas. Military morale has probably been similarly affected. France's present military commitment in Indochina is straining its resources severely, and any conspicuous decline in Viet Minh strength probably would result in political pressure

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in France for the reduction of this commitment. Such a reduction would again shift the balance in favor of the Viet Minh.

SOUTH ASIA

4.	Pakistan	indicates	willingnes	s to sha	re in	Middle	Eastern	defense:		
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The Pakistani Army Commander-in-Chief and the Secretary of the Ministry of Defense also recently told the US Ambassador in Karachi that Pakistan was definitely interested in taking part in a Middle East defense scheme.

Comment: These approaches may have been made to win French and US support against India in forthcoming Security Council meetings on the Kashmir case. Novertheless, Pakistan probably would work actively for a solution of Anglo-Egyptian-Iranian problems if the Kashmir question were settled. The Pakistanis appear willing to contribute militarily as well as diplomatically to the development of a Middle East defense program.

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NEAR EAST

3.3(h)(2)

5. British Government split on naval blockade of Iran:

There are divergent views within the British Government over the wisdom and legality of a naval blockade of future Iranian oil shipments, according to the US Ambassador in London.

Comment: A blockade of Abadan would be an effective way of denying to Iran the benefits of oil nationalization. Lack of unanimity among the British on this subject, however, suggests that they will make no immediate attempt to use military force against Iran in connection with the oil issue.

EASTERN EUROPE

3.3(h)(2)

6. Anti-government activities widespread in Poland:

3.3(h)(2)

resistance groups, of three to five persons each, are located in important cities in western Poland and maintain direct communications with their parent organization in London,

although not with each other. Their activities consist principally of providing general information on events and conditions in Poland and occasionally disseminating anti-Communist propaganda.

Comment: Communications intelligence and reports from other sources indicate that participation in anti-Communist activities in Poland is on a broader popular scale this year than in 1950. More widespread resistance activity has been reported from western Poland during the past few months, and its nature suggests that improved organizational techniques are being employed by the anti-regime groups. Polish security police messages between March

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and May 1951 reveal that security police operations against a large variety of resistance activities in eastern Poland are at least as frequent as they were last year.

WESTERN EUROPE

7. France wants to increase imports from the Soviet bloc:

3.3(h)(2)

Although the French Foreign Office denies that it is seeking another Economic Commission for Europe meeting on East-West trade, French officials in the past two weeks have been putting increasing emphasis on their

country's need for more imports from the Soviet bloc.

A general France-USSR commercial treaty was signed in early September, and the two countries are now negotiating for its implementation. The Soviet Union particularly desires textiles and large quantities of copper wire.

Comment: At the August Economic Commission for Europe meeting on East-West trade, the French were anxious to explore all possibilities of trade with the USSR in non-critical items. They wanted to prevent the USSR from charging France with the failure of the talks, but they also had legitimate commercial motives. At the same meeting, the USSR showed an interest in obtaining from France steam boilers, lead and other metals, reinforcing rods, ships, and machinery. The French themselves are faced with a copper shortage.

When the US made inquiries about the French agreement in June to give the Poles ball bearings, French officials replied that they reserved the right to export limited quantities of critical items to the Orbit when necessary to obtain vital imports such as coal.

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